

CAISO MARKET NOTICE

Requested Client Action: Information Only

Categories: ISO News and Information, Legal/ Regulatory, Market Rules and Market Design

Subject/ Title: CAISO Tariff Enforcement Protocol

Summary: The Federal Energy Regulatory Commission (FERC) has recently approved tariff modifications specifying that the CAISO's Market Monitoring Unit will administer the CAISO Tariff Enforcement Protocol and the Rules of Conduct contained therein for matters involving objectively verifiable behavior and for which violations have clear Commission approved sanctions set forth in the ISO Tariff. The prohibition on "market manipulation" in EP 7 and other violations that are not objectively verifiable will continue to be enforced by FERC.

Main Text: The CAISO Tariff Enforcement Protocol (EP) contains Rules of Conduct that specify unacceptable conduct in the CAISO markets and establishes associated sanctions and other potential consequences for violations of those rules. The Rules of Conduct are intended to provide fair notice to Market Participants of expected conduct and provide an environment in which all parties can fairly and equally participate -- thereby fostering confidence in the CAISO markets.

On December 19, 2005, FERC approved a CAISO compliance filing (<http://www1.caiso.com/http://www1.caiso.com/docs/2005/08/01/2005080115430922982.pdf>) that modified the EP such that it will be administered by the CAISO's Market Monitoring Unit for matters involving objectively verifiable violations and for which violations have clear Commission approved sanctions set forth in the ISO Tariff. (FERC order - 20051219: <http://www.caiso.com/177a/177a926f22020.pdf>.) FERC will continue to administer all matters involving EP 7 (No Market Manipulation), and all other matters involving the other Rules of Conduct for which the particular circumstances may not involve objectively verifiable violations. As part of the CAISO's recent realignment, the CAISO Department of Market Monitoring ("DMM") has been assigned the primary responsibility within the CAISO for administering the EP.

This market notice is being issued to remind Market Participants that all of the Enforcement Protocol Rules of Conduct are in effect and subject to enforcement. A new EP section with additional information is being developed on the CAISO website at <http://www.caiso.com/177a/177a91f721b80.html>.

For More Information Contact: Brad Cooper at 916-608-7156 or Bcooper@caiso.com.

California ISO Communications

CRCcommunications@caiso.com

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